

PT Capital Strategic Invesco

Company rating *irA/Stable*

Rated Issues

Proposed MTN Capital Strategic Invesco II Tahun 2022	<i>irA</i>
MTN Capital Strategic Invesco I Tahun 2022	<i>irA</i>

"Debt Securities with an *irA* rating has a high level of certainty to honor its obligations, but it can be affected by adverse changes in business and economic conditions, relative to debt securities with a higher rating"

Rating Period

May 18, 2022 – June 1, 2023

Rating History

January 2022	<i>irA/Stable</i>
December 2021	<i>irA/Stable</i>

Kredit Rating Indonesia assigns '*irA*' rating Proposed MTN Capital Strategic Invesco II Tahun 2022 totaling IDR750 billion

Kredit Rating Indonesia (KRI) has also affirmed a Company Rating of '*irA*' for PT Capital Strategic Invesco (CSI or the Company) with a 'Stable' outlook. At the same time, KRI assigns *irA* rating to Proposed MTN Capital Strategic Invesco II Tahun 2022 totaling IDR750 billion. KRI has also affirmed a rating of '*irA*' for the Company's MTN Capital Strategic Invesco I Tahun 2022 totaling IDR700 billion. The company's capacity to repay its debt is supported by its low leverage and sustainable revenue from its wide range of business segment.

CSI is parent company of PT Capital Financial Indonesia Tbk (CASA) is a listed holding company with subsidiaries mainly engaged in financial services. Through CASA's subsidiaries, the Company provides banking, life insurance, venture capital, capital market, and financial technology services. The Company recorded IDR33.8 trillion of assets and IDR11.8 trillion of revenue as of FY2020 and further posted IDR38.1 trillion and IDR15.6 trillion during the end of 2021. Major contributors of CSI's asset are coming from Banking (59%), and Life Insurance (29%), while the main contributors of revenue are premium (89%) and interest income from loans (5%).

KRI evaluates CSI's rating based on the credit quality of CASA's major subsidiaries, which are Bank Capital Indonesia, Capital Life Indonesia and Capital Life Syariah. The credit profile of Bank Capital Indonesia and Capital Life Indonesia is the main anchor of CASA's credit rating as BACA is the largest contributor of CASA in terms of asset and CLI in term of revenue.

PT Capital Life Indonesia (CLI) provides life insurance service with 6.7% market share in terms of gross written premium (GWP) as of FY21. CLI's gross written premium has increased from IDR7.8 trillion in 2018 to IDR12.4 trillion in December 2021. CLI's policyholder increased from 37,883 policyholders in FY18 to 156,052 policyholders in FY21. It recorded 53.9% of ROE with RBC stood at 184% as of FY21, higher than regulatory requirement of 120%.

PT Bank Capital Indonesia Tbk (BACA) is a bank with IDR22.3 trillion of asset and held 0,36% of KBMI 2 loan market share as of December 2021. BACA owned 82 offices mostly at Greater Jakarta to support their business activities. BACA is continuing to develop its IT infrastructure and human resources to become a digital bank. As the bank's total loan was shrinking to only IDR2.3 trillion in December 2021 from IDR6.4 trillion in 2020 and IDR9.7 trillion in 2019, BACA's NIM down to -4.1% in December 2021 from 0.3% in 2020 and 2.0 in 2019. BACA's ROA stood at 0.16% at December 2021, decreased from 0.31% at 2020 but improved from 0.09% at end 2019 though still lower than industry's average of 1.84%. BACA's NPL decreased from 3.5% in 2019 to 0.00% in Dec 2021 (NPL industry: 3.0%) as BACA writes off non-performing loans amounting IDR4.5 trillion in the previous year. The CAR level was in adequate level of 12.7% at FY19, 18.1% at FY20 and 40.5% in December 2021.

PT Capital Life Syariah (CLS) is one of CASA subsidiaries in sharia life insurance with 36.2% market shares in terms of GWP as of December 2021. CLS recorded GWP of IDR150.9 billion in FY20, increased from IDR85.6 billion in the previous year. CLS's policyholder significantly increased from 2,757 policyholders in FY18 to 11,533 policyholders in FY21. CLS recorded 3,9% of ROE and RBC stood at 789% as of December 2021, far higher than OJK requirement of 120%.

CSI Financial Results Highlights

As of/For the year ended	Dec 2021 (Unaudited)	Dec 2020 (Audited)	Dec 2019 (Audited)	Dec 2018 (Audited)
Total Assets (IDR, Bn)	38,120.87	33,838.98	35,981.69	13,548.59
Total Equity (IDR, Bn)	4,555.05	3,790.25	3,349.88	2,812.05
Total Revenue (IDR, Bn)	15,588.95	16,237.55	12,357.90	8,224.15
Total Expense (IDR, Bn)	15,532.42	11,706.99	12,184.96	8,089.97
Net Income (IDR, Bn)	46.62	105.40	15.00	124.40
Debt to Equity Ratio (x)	0.37	0.31	0.35	NM
Liabilities/Total Assets (%)	88.05	88.80	90.69	79.24
Return On Asset (%)	0.12	0.31	0.04	0.92
Return On Equity (%)	1.02	2.78	0.45	4.42

Analysts : Furqon Abrory Samara (Furqon.Samara@kreditratingindonesia.com)
Gromy Pilipi Pranata Purba (Gromy.Purba@kreditratingindonesia.com)

DISCLAIMER

PT Kredit Rating Indonesia (KRI) does not represent or warrant or guarantee the accuracy, completeness, timeliness or availability of the contents of this report or publication. KRI does not perform an audit and does not undertake due diligence or independent verification of any information used as the basis of and presented in this report or publication. Although the information upon which KRI rating report are based, and any other contents provide in this rating report is obtained by KRI from sources which KRI believes to be reliable.

KRI will be held harmless against any responsibility arising from its use, its partial use, or its lack of use, in combination with other products or used solely, nor can it be held responsible for the result of its use or lack of its use in any investment or other kind of financial decision making on which this report or publication is based. The issuance of a solicited or unsolicited rating report does not supply financial, legal, tax or investment consultancy. The rating report is not an opinion as to the value of securities, therefore KRI is not responsible for any credit, loan or investment decision, damages or other losses resulting from the reliance upon or use of this report.

In no event shall KRI be held liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses including but not limited to lost profits and opportunity costs in connection with any use of the contents of this rating report or publication.

Credit analyses, including ratings, and statements in this report or publication are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold or sell any securities or to make any investment decision. Therefore, this report may not reflect any event or circumstances which occur after the date of this report.

KRI also assumes no obligation to update the content following publication in any form. KRI does not act as fiduciary or an investment advisor. KRI keeps the activities of its analytical units separate from its business units to preserve independence and objectivity of its analytical process and products. As a result, certain units of KRI may have information that is not available to other units. KRI has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process. KRI may receive compensation for its ratings and other analytical work, normally from issuers of securities. KRI reserves the right to disseminate its opinions and analyses. KRI's public ratings and analyses are made available on its website, <http://www.kreditratingindonesia.com> (free of charge) and through other subscription based services, and may be distributed through other means, including via KRI publications and third party redistributors. Information in KRI's website and its use fall under the restrictions and disclaimer stated above. No part of KRI's website, the content of this report, may be reproduced or transmitted by any means, electronic or non-electronic whether in full or in part, will be subjected to written approval from KRI.